

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Call to Order: By **CHAIRMAN EDITH CLARK**, on February 4, 2003 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Edith Clark, Chairman (R)
Sen. John Cobb, Vice Chairman (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Sen. Emily Stonington (D)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Robert V. Andersen, OBPP
Pat Gervais, Legislative Branch
Lois Steinbeck, Legislative Branch
Sydney Taber, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp refers to material below it.

Committee Business Summary:

Hearing & Date Posted: Child and Family Services
Executive Action: None.

HEARING ON CHILD AND FAMILY SERVICES***{Tape: 1; Side: A; Approx. Time Counter: 0.3 - 4.1}*****Shirley Brown, Administrator of Child and Family Services**

Division(CFSD), referred to and explained a discrepancy in the overview distributed on the previous day. Again referring to the exhibit from the previous day, she went over the permanent placement of children. If it is not possible to reunite a child with the family, they are required to make reasonable efforts to place the child permanently. There is a permanency plan hearing in the courts which is part of the system of checks and balances. The most desirable permanency option is reunification with the family, but then they must go to other options. The statute requires that if a child has been in care for 15 of the most recent 22 months a termination petition must be filed, unless there is an exception.

{Tape: 1; Side: A; Approx. Time Counter: 4.1 - 27.5}

SEN. STONINGTON asked how foster family training is designed and how it is modeled. **Ms. Brown** replied that there is a preservice curriculum that foster parents are required to go through before they can be licensed. She then reviewed the current training process saying that it is based on past programs. There are also 15 hours of ongoing training each year.

{Tape: 1; Side: A; Approx. Time Counter: 8.5 - 30.4}

Ms. Brown reviewed adoption figures from 1997 to 2002, which had gone up significantly until reaching a plateau in 2002. She attributed this to the fact that the system has reached its capacity to handle adoptions, and the backlog of children in foster care waiting for adoption has been eliminated.

Ms. Brown explained that the centralized intake system receives and assesses reported information and makes a determination as to whether there should be an investigation. Centralization is an effort to achieve consistency and timely response within the system. They are designing an evaluation process for the system through survey of staff and mandatory reporters.

Ms. Brown then went over family group decision making meetings which increased over the last two years. They have now trained all the social workers for conducting these meetings, and they think that there will be a greater increase.

Ms. Brown said that the Subcommittee had heard about the audit the previous day so she would not address it again, but referred them to the previous day's exhibit and a description of major findings from last summer's federal review. They did a self-

assessment in February, and there was a site review at the end of August. She reviewed the process and distributed a handout on the breakdown of the results of that review. Montana did not achieve substantial conformity to the standards set in the review. A program improvement plan is in the process of development.

EXHIBIT(jhh24a01)

REP. JAYNE asked how many Native Americans the division serves, and **Ms. Brown** said that about 25 percent of the children in foster care under the jurisdiction of the State District Court are Native American. The Department has IV-E contracts or agreements with the seven Montana tribes which allow tribes to access the federal IV-E funding. If they were to add those children under the jurisdiction of tribal courts to those under jurisdiction of the District Court, it would be 30 percent. Responding to another question from **REP. JAYNE** regarding the impact of reductions on this population, **Ms. Brown** said that during 2002 they had to reduce tribal administrative contracts by 10 percent for a general fund reduction of \$21,000. They have not reduced foster care rates, and the benefit to children has not been reduced except for such things as the clothing allowance, transportation, and respite. Those reductions were across the board. In a final follow-up, **REP. JAYNE** asked who does the family group decision-making meetings. **Ms. Brown** said that the meetings are conducted by the family group decision-making coordinators and in some areas by social workers. The person who facilitates the meeting would not be the social worker who was assigned to the case. In order to comply with the Indian Child Welfare Act(ICWA), they bring family with the Indian child into these meetings.

Ms. Brown distributed a sheet with panel presentation information.

EXHIBIT(jhh24a02)

PANEL DISCUSSION OF CHILD AND FAMILY SERVICES

Centralized Intake Bureau

{Tape: 1; Side: A; Approx. Time Counter: 30.4. - 43.}

Chris Purcell, Centralized Intake Bureau Chief(CFSD), reviewed the new centralized intake system process in detail. Allegations of abuse or neglect are called in to the centralized intake system. All calls are recorded, and the 14 intake specialists handle the calls. The calls are assessed and categorized, and the most urgent reports are telephoned to the field for

investigation. They then track those calls that go to the field. There is good consistency within the system because of the centralization of the system and training.

{Tape: 1; Side: A; Approx. Time Counter: 43 - 48.4}

SEN. STONINGTON asked if they are receiving the same volume of calls as previously, and **Ms. Purcell** said in the previous system no one was tracking calls in local offices so they can not compare. More reports are entered in the system, but that may just be a reflection of the end of the year or centralized intake being available. **SEN. COBB** asked for an example of a "priority one call," and **Ms. Purcell** responded that calls requiring an immediate response for the safety of the child are "priority one." These would be domestic violence reports, reports of children being left alone, or situations in which law enforcement can not wait until the next morning for a social worker to respond. **REP. HAINES** asked how individuals wishing to report abuse or neglect would access the service, and **Ms. Purcell** said that there is a toll-free number which people can call.

{Tape: 1; Side: B; Approx. Time Counter: 0.7 - 5.8}

Ms. Purcell said that there is a separate number dedicated strictly to law enforcement so that they do not have to wait in the queue until all the calls ahead of them are answered. **REP. HAINES** asked how ordinary citizens would know to call them, and **Mr. Purcell** replied that the number has been well advertised, judging from the total number of calls received.

Continuing with the details of the system, **Ms. Purcell** said that calls that require action by the field workers are sent out to the field and those that do not require immediate response are entered into the system. She reviewed the priority system for reports.

{Tape: 1; Side: B; Approx. Time Counter: 5.8 - 13}

REP. JAYNE asked to whom tribal calls are referred. **Ms. Purcell** replied that when they set up the system, they talked with those field workers who work with the tribes and with tribal social services. Ultimately, the tribes have opted to not put reports of individuals residing on the reservation in the system. When intake is uncertain of residence and, depending on the established protocol for each tribe, reports are put in the system as "information only" and faxed to the tribes for handling as they see fit. These protocols were developed in accordance with tribal wishes. **REP. JAYNE** then asked how a caller is identified as being Native American, and **Ms. Purcell** replied that it is not the caller who is identified, but the area where CFSD provides social services. Responding to a question from **REP. JAYNE** as to whether there had been problems with the tribes

and the system, **Ms. Purcell** said that perhaps there were misunderstandings in the beginning, but many of the issues have been addressed since then, and the bureau has worked cooperatively with the tribes. In response to a final question from **REP. JAYNE**, **Ms. Purcell** said that the calls that come in from the reservations are not segregated from the others.

Rural Community Social Work

{Tape: 1; Side: B; Approx. Time Counter: 13 - 28}

Grant Larsen, Community Social Work Supervisor from Miles City, reviewed the nature and scope of social work in rural areas saying that rural social workers must be competent at investigation and providing ongoing services. They must also have an understanding of all the aspects of child abuse and neglect, chemical dependency, mental health issues, different therapy models, transgenerational issues, medical educational issues, guardianships, and permanency options. They also need an understanding of all aspects of the legal system as it pertains to the issues of child abuse and neglect. Rural social workers must also maintain contact with mental health services, local law enforcement, local courts, and local medical communities; thus, travel is a big part of the job in rural areas.

Mr. Larsen continued that in the eastern region there are only three foster families, one family group coordinator, three pediatricians, two youth homes, and one child psychiatrist. There is a significant methamphetamine problem in rural areas, and he believes that it is on an upswing. Times are tough so drug production and use are up. He concluded that rural needs are great and resources are inadequate.

Urban Community Social Work

{Tape: 1; Side: B; Approx. Time Counter: 28 - 48.8}

Nan Bryant, Community Social Worker from Great Falls, touched on the intake process in larger cities. While they do try to work with families, in most cases, they must file for legal intervention. She said that the Cascade County ongoing unit received a record 17 cases in January, and over the summer they averaged 17 to 18 cases a month. She said that while they may take in that many cases, they may only conclude four or five cases in a month. Currently, she provides ongoing services for 25 families. These caseloads are directly linked to methamphetamine problems within Montana. She went over the levels of legal intervention and court-ordered treatment plans. Treatment plans identify the reasons for State involvement and steps parents need to take to resolve the situation. The plans identify achievable goals for parents, such as completion of

chemical dependency treatment, maintenance of sobriety, mental health treatment, and medical treatment.

SEN. COBB asked how the mental health component is paid for, and **Ms. Bryant** said that when children are placed in foster care, they are qualified for Medicaid as well as receiving other funding such as Temporary Assistance to Needy Families (TANF).

SEN. COBB asked how effective the chemical dependency treatment was, and **Ms. Bryant** replied that the programs in her area are not sufficient to address methamphetamine addiction. Nationwide, methamphetamine inpatient treatment averages three to six months. It takes a good year after discharge from inpatient treatment to become stable, and most of her meth addicts relapse two and three times. **SEN. STONINGTON** asked where methamphetamine was on the addictive scale, and **Ms. Bryant** said that her sense is that it is the most addictive substance and the hardest to kick. It keeps people thin and improves their body image, while it provides them with a rush and tremendous energy. She concluded that methamphetamine affects everything that they do in their jobs.

Family Group Decision Making

{Tape: 2; Side: A; Approx. Time Counter: 0.1 - 12.3}

Susan Fairhurst, Family Group Decision-Making Coordinator in Great Falls, reviewed the system which is based on six core values: 1) children are entitled to a safe and nurturing family, 2) family relationships, values, and beliefs must be respected, 3) families need to participate in the decisions regarding their children, 4) family members have a unique knowledge and understanding of their own families, 5) all families have strengths, and 6) agencies can support families. Working from that premise, they developed the family group decision-making process. The process includes extended family members of the child's parents, services providers, department staff, and the assigned social worker. She explained that the meeting is facilitated and coordinated by a trained staff member who is otherwise uninvolved in the case. The overall purpose of the family group is involvement of the family members in development of a treatment plan and placement decisions. If the family and social worker can not reach consensus, it will go to the courts. If it best for the child, there can be a meeting without parental consent. The family involvement in the plan has reduced recidivism.

Family Resources

{Tape: 2; Side: A; Approx. Time Counter: 12.3 - 30}

Adell Wearley, Family Resource Specialist from Great Falls, reviewed the responsibilities of family resource specialists:

recruitment of resource families, licensing and training of resource families, and permanency placement for children. Reunification of children with the family is the main focus, but if that is not possible a permanent placement is essential for the child. In recruitment of foster, kinship, and adoptive families, it is necessary to make the best match for the child at the outset of care. Training and licensing of resource families is critical to success in the system. There is an increase in the number of children in out-of-home placement, but there is not a large pool of resources from which to draw or the money available to recruit new foster and adoptive parents. When out-of-home placement is not successful, there are multiple moves of children. More time and effort must be put into the foster families at the time of licensing to ensure that they can make the emotional investment in helping children. The family resource specialist needs to ensure that resource parents are qualified to meet each child's needs, and these needs are paramount in the placement decision. She discussed the importance of financial resources in recruiting and training foster families. She reviewed the Adoption and Safe Families Act and permanency options for children. She cautioned that if they become too limited in the financial supports that they have to offer families that have demonstrated that they can effectively parent, they may be forced to make placements about which they are unsure.

Responding to a question from **SEN. COBB** about the worst problems she sees from her perspective, **Ms. Wearley** said that it would be a lack of foster families. Because they do not have the financial resources to recruit, train, and retain, it is difficult to attract people to the program and to retain those that have been in the program.

Referring to the methamphetamine problem in the state, **SEN. STONINGTON** asked if they have involvement in families before children are born. **Ms. Wearley** said that they would have involvement only if the family already had children in care. If it was a situation where there is a child in care and the mother is a meth addict, they would do relinquishment counseling, but they would also ask for a family group decision-making process.

Child and Family Alliance

{Tape: 2; Side: A; Approx. Time Counter: 30 - 48.9}

Linda Sowell, Child and Family Alliance in Great Falls, explained that her agency is a contractor with the State providing in-home service. If parents do not provide for and protect their children, then intervention by the Department may be necessary. She reviewed the in-home service her agency provides to children

and families. The nature of the services is intrusive, but because children engulfed in anxiety express behavioral problems, in-home service providers must intervene within the home to teach parents how to deal with such problems. They provide parenting training and support to troubled families. After reunification, the problems may resurface, so it is essential that they remain involved with the families. The budget problems are causing an erosion of the system. She reviewed costs for foster care versus in-home service. They served families for about 11 percent of the most basic costs of foster care. Her agency's contract for just over \$100,000 saved the State over \$1 million. The projected cuts for in-home service will virtually wipe out this resource in the State.

SEN. COBB asked about the projected cuts, and **Pat Gervais, Legislative Fiscal Division(LFD)**, explained that the cuts to the budget reduce the funding for in-home service by \$1.1 million per year, a reduction of 45 to 50 percent in available funding for this service.

SEN. STONINGTON asked if the budget cut was done by emergency rule, and **Ms. Brown** said that it is all by contract. They looked at this year's budget and how they could live within it, and made cuts appropriately. They made the foster care services cuts and \$300,000 from the in-home service as well.

In conclusion, **Ms. Sowell** said that CFSD is responsible for protecting children and strengthening families and has a legal requirement to prove that reasonable efforts have been made to meet the families' needs. In-home service best meets these requirements and pays for itself many times over.

Helena Police Department

{Tape: 2; Side: B; Approx. Time Counter: 2.5 - 11.7}

Detective Brian Fisher, Helena Police Department, specializes in domestic violence, sexual abuse, and child abuse. He said that he works closely with CFSD on child and sex abuse cases. Patrol officers must also work hand-in-hand with CFSD. Patrol officers take the initial reports dealing with child or sex abuse cases, but it takes specialized training to conduct interviews, to determine if a child should be removed from a home, to collect the evidence, and find placement for children. The police department does not have the manpower to try to find the answers to such problems, so they contact centralized intake so that an on-call intake worker can come to the scene to assess the situation and help the officer conduct a thorough investigation.

Detective Fisher said that he is required to compile statistics for the federal grant under which he works, and in the past year, there has been a 37 percent increase in child abuse cases and a 43 percent increase in child sexual assault cases. In these cases, they work hand-in-hand with the Department interviewing children. **SEN. COBB** asked why there was such an increase, and **Detective Fisher** said that much of it stems from domestic violence. Many of the offenders with whom they deal have been offended against themselves as children, so there are transgenerational problems. As people have become more aware of and more concerned about child abuse, they have become less hesitant about reporting incidents. There are officers in the schools, and children are more likely to talk to those officers. Drug abuse, alcohol abuse, and a prior history of abuse or being abused are all factors involved in the increase.

REP. HAINES asked if intervention and the processes that they are now going through would help prevent these children from carrying on the transgenerational problem. **Detective Fisher** said that early intervention helps children through the process and may help to reduce the transgenerational problem.

Lewis and Clark County Involvement

{Tape: 2; Side: B; Approx. Time Counter: 11.7 - 43}

Carolyn Clemens, Deputy County Attorney for Lewis and Clark County, said that she works with CFSD and the police in dealing with child abuse and neglect cases. Abuse and neglect have gotten worse over her years as a county attorney. The upsurge in methamphetamine use has caused serious problems within the county. Many of the parents with whom she deals are involved in chemical dependency treatment, but it is especially difficult to treat meth addicts. **Ms. Clemens** explained that the Department provides essential services to keep families together, but when that is no longer possible and children are no longer safe, the process for removal of children from the family is started. By law, they must file with the court, asking a judge to determine if the children are abused or neglected. After that point, all decisions are reviewed by the courts. The Department must put together a treatment plan for reunification of the family, and the family must be involved in the process. The judge can order or not order a treatment plan and makes the final decision as to whether the parents have met the goals of the treatment plans. **Ms. Clemens** stressed that they are seeing far more abuse and neglect of children than in the past

REP. JAYNE asked what effect the program reductions will have on the increase in caseload, and **Ms. Clemens** replied that more cases will go to court, and there will be an increase in juvenile

problems. Now cases go to court only after services have been provided and have not mitigated the problems. Responding to a question from **REP. JAYNE** regarding her objectivity, or how she separates her duty to file as county attorney with her role in criminal prosecution of these cases, **Ms. Clemens** said that she does keep them separate, and that not many of these cases go to criminal proceedings since it is difficult to get children to testify against parents.

Foster and Adoptive Program

{Tape: 2; Side: B; Approx. Time Counter: 43 - 49.8}

{Tape: 3; Side: A; Approx. Time Counter: 0.2 - 11.2}

Brenda Fettig, foster and adoptive parent, read her written statement in which she reviewed services provided by foster parents and the importance of recruiting, training, and maintaining qualified foster parents. She stressed the importance of reimbursement for travel, clothing, and respite for foster families, and said that if they do not take care of foster families, those foster families will be unable to afford to provide care any longer.

EXHIBIT (jhh24a03)

{Tape: 3; Side: A; Approx. Time Counter: 11.2 - 15.8}

SEN. STONINGTON asked what kind of training they receive as foster families. **Ms. Fettig** responded that when she started, they were required to do nine different sessions of training, but the time and number of sessions has been cut down. In Helena, they have tried to get more people involved by doing an orientation and two all-day Saturday sessions, but they must cover so much in that short amount of time, that they can not address everything that people want. Some people do not go to all the training and support groups, so they may not even know what resources are available to them. **SEN. STONINGTON** asked how they recruit foster families, and **Ms. Fettig** reviewed recruitment practices. She said that there are mostly kinship families in the area, and only about six or seven foster families have come into the program in the past four years. **SEN. STONINGTON** asked how she will be impacted by the Casey Family Program reductions, and she said that she will not personally be impacted, but for those involved in that program, it will be a big impact.

In-Home Services Program

{Tape: 3; Side: A; Approx. Time Counter: 15.8 - 18}

Dawn Johnson, a birth mother from Glasgow, said that she was an isolated single mother and signed up with in-home services from Highland Homes. She said that she was afraid that as a single

parent without support she would become abusive or neglectful of her child. She stated that it is important that there are people to intervene with parents who are having difficulty.

Foster Program

{Tape: 3; Side: A; Approx. Time Counter: 18 - 24}

Krisie and Katie Yother, former foster children, said that children's services are invaluable to children who are in bad family situations. They have been in the system for eight years and were taken from an alcoholic mother and older siblings who were a terrible influence. They stressed the importance of foster care for children such as themselves, and said that the services provided them with the opportunity to survive and be successful in life.

{Tape: 3; Side: A; Approx. Time Counter: 24 - 30.9}

Ms. Brown thanked the panel members for being willing to speak to the Subcommittee.

Reviewing the funding sources for the program, **Ms. Brown** said that they will no longer have Title XX money within the program. **Ms. Gervais** explained that in the past biennium, this division had TANF funds transferred to Title XX which were used in the foster care system. There are no longer excess TANF funds, so those funds are no longer available to transfer to Title XX. In the base year, the division used about \$1.4 million worth of transferred TANF funds, which will no longer be available in the 2005 biennium. **REP. JAYNE** asked about the \$7.6 million of general fund for regional office administration, and **Ms. Brown** said the amount is what it takes to support and have all of the staff in the field. It does not include the cost of centralized intake personnel.

EXHIBIT (jhh24a04)

LFD Issues in Child and Family Services Division

{Tape: 3; Side: A; Approx. Time Counter: 30 - 48.9}

Ms. Gervais referred to B-46 of the Budget Analysis and said that the 2005 biennium general fund support for the division decreases eight percent for the biennium compared to the 2003 biennium, while total funds increase nine percent. This is largely due to the refinancing included within this division's budget. She reviewed the eliminations and reductions of programs and adjustments proposed by the Department. There is an apparent overstatement of the foster care caseload in the Executive Budget and an understatement of the subsidized adoption caseload,

neither of which is supported by the historic caseload. She reviewed the changes that the Department is making to the budgets involved. Responding to a question from **SEN. COBB** regarding the Child and Protective Services (CPS) daycare, **Ms. Gervais** said that the funding swap the Subcommittee did utilizing the Employment Security Account (ESA) would reinstate this decrease in CPS daycare. They have reinstated a reduction that was not part of the legislative budget, which is something that they will discuss when they do executive action. Since the Executive Budget included the \$1.4 million of federal TANF funds transferred to Title XX which will no longer be available, she recommended that they reduce the federal funds in the foster care budget by \$1.4 million when they do executive action.

{Tape: 3; Side: B; Approx. Time Counter: 0.3 -17.8}

Ms. Brown reviewed the decision packages involved in her budget. She said that there is an issue with IV-E eligibility as it relates to DP 26 because the projected savings is also in the projected savings for DP 28. **Ms. Gervais** explained that the Department wanted to use some of the savings from the revised caseload estimates to offset a duplicate reduction due to refinancing. She said that she has not had an opportunity to analyze this. **Ms. Brown** concluded her review of decision packages.

Funding Breakdown in Foster Care and Subsidized Adoptions

{Tape: 3; Side: B; Approx. Time Counter: 17.8 - 36.8}

Dave Thorsen, CFS, distributed a handout of the updated projections and realignment of CFSF funding for foster care and subsidized adoption and, referring to that handout, he explained the plan that will take care of the division problems.

EXHIBIT (jhh24a05)

REP. JAYNE asked if there had been an analysis on subsidized adoption versus reunification, and **Mr. Thorsen** replied that they had not done such an analysis. **REP. JAYNE** asked if it was cheaper to reunify, and **Ms. Brown** replied that the reunification work is done at the beginning; it is only if reunification does not work that children are placed in subsidized adoption. Of children entering foster care in the last year, over 50 percent were either reunited with the parent from whom they were removed or went to live with the noncustodial parent. By the time they get to termination of parental rights, they have already done everything they can do to reunite.

Mr. Thorsen continued with actual expenditures and projected costs (Exhibit 5). He reviewed the general fund decreases due to

increases in the federal match rate and the IV-E penetration rate and then went over the foster care breakdown and projected costs. Responding to questions from **REP. JAYNE** regarding the use of out-of-state services, **Mr. Thorsen** replied that foster care pays for out-of-state residential services such as out-of-state foster care, residential treatments, and other related placements. The division has undertaken efforts to reduce out-of-state placements which are typically a last resort when a child needs specialized services not provided in-state. **Ms. Gervais** asked if this would also include proximity placements in facilities in northern Wyoming and North Dakota, which are closer to the Billings and Miles City area than an in-state placement might be for the child. **Mr. Thorsen** responded that it would. He responded to further Subcommittee questions that the FY03 projection includes the cuts and no further growth. **Mr. Thorsen** said that they do not have a mechanism to track cost shifting to them by Addictive and Mental Disorders Division (AMDD), but to the extent that there are costs that have been shifted within the last six months, they are projected forward here.

{Tape: 3; Side: B; Approx. Time Counter: 36.8 - 47.9}

SEN. STONINGTON referred to the chart on FY05 projections in Exhibit 5, and asked on what they had based the zero percent growth. **Mr. Thorsen** explained how he uses three critical factors in the foster care budget to project costs: expenditures, number of services, and number of recipients. They are projecting that they can contain foster care costs at \$17.1 million each of the next two years because they cannot detect either a downward trend or growth in the program. Costs have been contained through: 1)an increase in adoptions; 2)the exit of older children from the system; and 3)the provision of in-home service. In the Governor's budget, they started out several million dollars short in general fund, and one of the last places they cut was in-home service. As a result of refinancing, they added \$2.5 million into the foster care budget, but within that projection, they would have added \$2.8 million by eliminating in-home service. The restoration of in-home service enables them to remove the projected \$2.8 million in extra cost for foster care.

{Tape: 4; Side: A; Approx. Time Counter: 0.1 - 8.8}

Referring to Exhibit 5, **Mr. Thorsen** reviewed the steps they would take for funding foster care at the zero percent growth rate through utilization of general funds, federal funds, state special revenue(SSR), and the offset of general fund costs through the use of TANF funds. In summary, they would restore the \$1.1 million in in-home service reduced in DP 276 and reduce the duplicate savings in DP 28.

EXHIBIT (jhh24a06)

Mr. Thorsen explained the duplicate savings in DP 26 and SP 28. Originally, DP 26 would have increased IV-E eligibility by their doing the eligibility themselves. They had projected a general fund savings in FY04 of \$310,000 and in FY05 of \$618,000. However, the DP in the Governor's budget reflects a savings of only \$190,000 in FY04 and \$400,000 in FY05. The reason that it is reduced is because the DP is paying for FTE. The gross duplication of general fund savings between refinancing and the IV-E eligibility project is about \$930,000. They are proposing to eliminate this problem by reducing the duplication by \$588,000, leaving a net duplication problem of \$341,000. The Department has a plan within another refinancing project to fix this.

{Tape: 4; Side: A; Approx. Time Counter: 8.8 - 12.8}

REP. JAYNE asked if the DP narrative on B-56 had been changed.

Mr. Thorsen distributed another handout of spreadsheets and reviewed the changes that they would like to make within the budget. Basically, the foster care excess is restoring in-home service, making subsidized adoption whole, and reducing the duplicate savings in the refinancing package.

EXHIBIT (jhh24a07)

{Tape: 4; Side: A; Approx. Time Counter: 12.8 - 18.3}

Mr. Thorsen continued that the budget is still short by \$341,000 in general fund. Responding to a query from **SEN. COBB**, **Mr.**

Thorsen said that the \$341,000 does not include the \$6 million in refinancing money. **Mr. Thorsen** commented that they do have excess funds in the foster care budget, and it was not the intent to have Title XX show up, but that is the way it is rolled up in MBARS. They would like to make the switch between Title XX and IV-E within the MBARS system. It will not change the amount of federal funds, but shows it coming from a different place.

{Tape: 4; Side: A; Approx. Time Counter: 18.3 - 24.5}

Chuck Hunter, **DPHHS Refinance Unit**, explained how the \$3 million of refinancing embedded in the budget was projected. The projections were based on four dimensions: increasing the IV-E penetration rate in foster care and subsidized adoption, targeted case management, administration recovery, optimization of IV-E training recovery, and retroactive recovery for targeted case management. **Mr. Hunter** said that he is confident that \$3 million is achievable.

SEN. COBB said that he does not want this to fail and asked if they had enough staff to do this. **John Chappuis**, **Deputy Director of DPHHS**, said that they will be asking for language to reauthorized the refinancing unit. For some of the refinancing

going on in IV-E, they have asked for staff in this budget. Should the Intermediate Care Facility for the Mentally Retarded(ICF/MR)tax pass, they would like to use some of the funds from that to fund the Refinance Unit.

{Tape: 4; Side: A; Approx. Time Counter: 24.5 - 35.5}

Responding to a question from **REP. JAYNE** regarding greater funding within subsidized adoption than in foster care, **Mr. Thorsen** said that the budget reflects the natural growth in subsidized adoption as they do the normal course of business. **Ms. Brown** added that the amount that they pay in subsidized adoption includes all of the children under the age of majority for whom they are paying a subsidy, and they will pay subsidized adoption until those children age out. **Mr. Chappuis** also added that they did miss the estimates when they made their projections - they overestimated foster care and underestimated subsidized adoptions.

{Tape: 4; Side: A; Approx. Time Counter: 35.5 - 41.4}

Ms. Gervais informed the committee that in the performance audit there were areas that were not studied and recommendations for future study and that the committee might wish to have Mike Wingard, Legislative Audit Division(LAD), advise them on these issues. **Mr. Wingard** went over potential future audit issues: foster parent training, limited emphasis on recruitment of foster parents, areas of conflict between foster parents and the Department, CPS system reliability, and utilization of Title IV-E and IV-B funding. They will do a follow-up audit on the CPS system to review implementation of their recommendations. There was further discussion of the audit issue.

A Tommy Thompson press release on Medicaid changes and information related to previous testimony from Mike Foster were distributed.

EXHIBIT(jhh24a08)

EXHIBIT(jhh24a09)

ADJOURNMENT

Adjournment: 11:50 A.M.

REP. EDITH CLARK, Chairman

SYDNEY TABER, Secretary

EC/ST

EXHIBIT (jhh24aad)